



MINNESOTA ASSISTANCE COUNCIL FOR VETERANS

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORTS**

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022



**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
TABLE OF CONTENTS
DECEMBER 31, 2023 AND 2022**

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITY	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
SINGLE AUDIT REPORTS	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	24
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	26



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota Assistance Council for Veterans
Saint Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Minnesota Assistance Council for Veterans (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activity, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Assistance Council for Veterans as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minnesota Assistance Council for Veterans and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Minnesota Assistance Council for Veterans' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Minnesota Assistance Council for Veterans' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Minnesota Assistance Council for Veterans' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information Included in the Organization's Annual report

Management is responsible for the other information included in the Organization's annual report. The other information comprises the financial information, a message from the President & CEO, and a description of program accomplishments for the year but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2024, on our consideration of Minnesota Assistance Council for Veterans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Minnesota Assistance Council for Veterans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Minnesota Assistance Council for Veterans' internal control over financial reporting and compliance.

June 18, 2024

Mahoney Ulbrich
Christiansen & Russ, PA

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,829,484	\$ 2,851,539
Investments	2,635,222	2,394,474
Accounts Receivable, net	2,093,704	2,836,324
Prepaid Expenses	251,595	125,643
Total Current Assets	10,810,005	8,207,980
Other Assets		
Long-term investments - deferred compensation plan	102,407	52,945
Security Deposit	14,640	12,473
Total Other Assets	117,047	65,418
Property and Equipment		
Land	1,170,098	1,119,430
Houses and Improvements	20,716,492	13,887,411
Furniture and Equipment	441,788	217,576
Vehicles	303,637	256,141
Construction in Progress	1,144,639	575,263
Accumulated Depreciation	(3,737,406)	(3,043,916)
Leased Assets, net	1,457,509	1,401,928
Total Property and Equipment	21,496,757	14,413,833
Total Assets	\$ 32,423,809	\$ 22,687,231
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current Maturities - Long Term Debt	\$ 10,000	\$ 400,871
Accounts Payable	470,193	281,242
Accrued Expenses	966,018	583,784
Deferred Rent	500	-
Lease Liabilities - Short Term	213,390	137,254
Total Current Liabilities	1,660,101	1,403,151
Long Term Debt, less current maturities	3,239,179	2,690,137
Other Liabilities		
Deferred Compensation	102,407	52,945
Refundable Advances	1,965,344	315,284
Lease Liabilities - Long Term	1,359,596	1,356,692
Total Other Liabilities	3,427,347	1,724,921
Total Liabilities	8,326,627	5,818,209
NET ASSETS		
Net Assets - Without Donor Restrictions	19,287,835	12,588,994
Net Assets - With Donor Restrictions	4,809,347	4,280,028
Total Net Assets	24,097,182	16,869,022
Total Liabilities & Net Assets	\$ 32,423,809	\$ 22,687,231

See accompanying Notes to Financial Statements

MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF ACTIVITY
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Government Grants	\$ 15,559,181	\$ -	\$ 15,559,181
Contributions	1,759,469	1,362,129	3,121,598
In-Kind Contributions	154,916	-	154,916
Total Support	17,473,566	1,362,129	18,835,695
Special events income net of direct donor benefits of \$16,974 in 2023	30,864	-	30,864
Revenue			
Contracts	60,000	-	60,000
Rental Income	723,131	-	723,131
Other Revenue	158,453	-	158,453
Total Revenue	972,448	-	972,448
Net Assets Released from Restriction	1,501,360	(1,501,360)	-
Total Support and Revenue	19,947,374	(139,231)	19,808,143
EXPENSES			
Program Services	16,990,052	-	16,990,052
Management and General	1,941,790	-	1,941,790
Fundraising	851,930	-	851,930
Total Expenses	19,783,772	-	19,783,772
CHANGE IN NET ASSETS FROM OPERATIONS	163,602	(139,231)	24,371
OTHER INCOME (LOSS)			
Capital Activity Contributions	39,750	2,000,000	2,039,750
Capital Activity In-Kind Contributions	107,641	-	107,641
Capital Activity Government Grants	4,434,698	-	4,434,698
Forgiveness of Long-Term Debt	391,600	-	391,600
Loss on Disposal of Property and Equipment	(22,774)	-	(22,774)
Investment Income, net	252,874	-	252,874
Net Assets Released from Restriction	1,331,450	(1,331,450)	-
Total Other Income (Loss)	6,535,239	668,550	7,203,789
CHANGE IN NET ASSETS	6,698,841	529,319	7,228,160
Net Assets - Beginning of Year	12,588,994	4,280,028	16,869,022
NET ASSETS - END OF YEAR	\$ 19,287,835	\$ 4,809,347	\$ 24,097,182

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF ACTIVITY
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Government Grants	\$ 9,471,988	\$ -	\$ 9,471,988
Contributions	1,005,718	1,652,039	2,657,757
In-Kind Contributions	140,992	-	140,992
Total Support	10,618,698	1,652,039	12,270,737
Special events income net of direct donor benefits of \$16,000 in 2022	30,451	-	30,451
Revenue			
Contracts	60,000	-	60,000
Rental Income	231,185	-	231,185
Other Revenue	11,611	-	11,611
Total Revenue	333,247	-	333,247
Net Assets Released from Restriction	922,833	(922,833)	-
Total Support and Revenue	11,874,778	729,206	12,603,984
EXPENSES			
Program Services	10,129,137	-	10,129,137
Management and General	1,758,046	-	1,758,046
Fundraising	508,650	-	508,650
Total Expenses	12,395,833	-	12,395,833
	(521,055)	729,206	208,151
OTHER INCOME (LOSS)			
Capital Activity Contributions	988,290	2,225,000	3,213,290
Capital Activity In-Kind Contributions	732,725	-	732,725
Capital Activity Government Grants	3,244,640	-	3,244,640
Loss on Disposal of Property and Equipment	5,500	-	5,500
Investment Income, net	(277,189)	-	(277,189)
Net Assets Released from Restriction	1,722,314	(1,722,314)	-
Total Other Income (Loss)	6,416,280	502,686	6,918,966
CHANGE IN NET ASSETS	5,895,225	1,231,892	7,127,117
Net Assets - Beginning of Year	6,693,769	3,048,136	9,741,905
NET ASSETS - END OF YEAR	\$ 12,588,994	\$ 4,280,028	\$ 16,869,022

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services								Total
	Management & General	Fundraising	Direct donor Benefits	Housing	Employment	Legal	Other Program Services	Total Program Services	
Expenses									
Personnel	\$ 1,059,345	\$ 567,715	\$ -	\$ 5,648,044	\$ 418,096	\$ 395,480	\$ 557,501	\$ 7,019,121	\$ 8,646,181
Contracted Services	177,466	84,890	-	407,080	25,214	11,031	11,652	454,977	717,333
Direct Assistance	1,269	14	-	6,217,222	115,227	-	42,657	6,375,106	6,376,389
Facilities	1,821	128	-	1,011,190	9,430	136	6,207	1,026,963	1,028,912
Office and Operating Expenses	341,443	44,868	-	500,326	102,235	26,402	51,225	680,188	1,066,499
Insurance	150,623	-	-	5,400	-	-	-	5,400	156,023
Professional Development	48,812	8,274	-	38,769	7,792	8,493	20,955	76,009	133,095
Travel	39,522	4,704	-	120,988	11,727	1,629	38,904	173,248	217,474
Marketing and Communications	7,432	46,398	-	2,503	47	255	9,117	11,922	65,752
Events	39,005	38,699	16,974	6,330	365	99	4,267	11,061	105,739
Other Expenses	40,235	3,225	-	255,512	2,997	812	6,614	265,935	309,395
Depreciation	32,490	-	-	629,335	-	-	32,080	661,415	693,905
Interest	-	-	-	129,133	-	-	-	129,133	129,133
Sub-Total Expenses	1,939,463	798,915	16,974	14,971,832	693,130	444,337	781,179	16,890,478	19,645,830
Professional Services	-	25,144	-	-	-	-	-	-	25,144
Equipment and Supplies	2,327	27,871	-	4,333	-	-	5,241	9,574	39,772
Rent	-	-	-	90,000	-	-	-	90,000	90,000
In-Kind Expense	2,327	53,015	-	94,333	-	-	5,241	99,574	154,916
Less special events direct donor benefits	-	-	(16,974)	-	-	-	-	-	(16,974)
Total Expenses	\$ 1,941,790	\$ 851,930	\$ -	\$ 15,066,165	\$ 693,130	\$ 444,337	\$ 786,420	\$ 16,990,052	\$ 19,783,772

See accompanying Notes to Financial Statements

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services							Total	
	Management & General	Fundraising	Direct donor Benefits	Housing	Employment	Legal	Other Program Services		Total Program Services
Expenses									
Personnel	1,056,162	368,505	-	3,297,907	451,508	359,593	238,226	4,347,234	5,771,901
Contracted Services	206,922	47,618	-	170,806	22,256	9,672	6,130	208,864	463,404
Direct Assistance	-	-	-	3,501,649	143,616	-	34,642	3,679,907	3,679,907
Facilities	11,276	818	-	583,057	12,340	1,587	1,446	598,430	610,524
Office and Operating Expenses	260,745	39,368	-	302,187	74,807	31,318	32,540	440,852	740,965
Insurance	99,515	-	-	3,692	-	-	-	3,692	103,207
Professional Development	36,410	8,347	-	20,281	9,315	12,291	9,587	51,474	96,231
Travel	34,689	6,118	-	49,663	4,203	2,382	25,454	81,702	122,509
Marketing and Communications	8,384	7,853	-	233	748	155	8,242	9,378	25,615
Events	4,032	10,645	16,000	12,094	306	249	1,038	13,687	44,364
Other Expenses	22,321	5,783	-	71,816	2,642	2,158	4,252	80,868	108,972
Depreciation	12,985	-	-	371,168	-	-	16,379	387,547	400,532
Interest	-	-	-	102,710	-	-	-	102,710	102,710
Sub-Total Expenses	1,753,441	495,055	16,000	8,487,263	721,741	419,405	377,936	10,006,345	12,270,841
Professional Services	-	7,500	-	-	-	3,752	-	3,752	11,252
Equipment and Supplies	4,605	6,095	-	28,540	-	-	500	29,040	39,740
Rent	-	-	-	90,000	-	-	-	90,000	90,000
In-Kind Expense	4,605	13,595	-	118,540	-	3,752	500	122,792	140,992
Less special events direct donor benefits	-	-	(16,000)	-	-	-	-	-	(16,000)
Total Expenses	\$ 1,758,046	\$ 508,650	\$ -	\$ 8,605,803	\$ 721,741	\$ 423,157	\$ 378,436	\$ 10,129,137	\$ 12,395,833

See accompanying Notes to Financial Statements

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2023	2022
Cash flows from Operating Activities		
Change In Net Assets	\$ 7,228,160	\$ 7,127,117
Change in Cash from Operating Activities		
Depreciation	693,905	400,532
Bad Debt	74,443	-
Forgiveness of Long Term Debt	(391,600)	-
Loss on Disposal (Gain on Sale) of Property and Equipment	22,774	(5,500)
Gain on Investments	(252,874)	277,189
Donated Property and Land Less Debt Assumed	(470,841)	(1,178,143)
Discount Amortization on Long Term Debt	121,716	102,721
Accounts Receivable	668,177	(652,022)
Prepaid Expenses	(125,952)	(52,253)
Security Deposit	(2,167)	-
Leased Assets	185,595	142,423
Lease Liabilities	(162,136)	(50,405)
Accounts Payable	188,951	79,686
Accrued Expenses	382,234	208,241
Deferred Rent and Refundable Advances	1,650,560	267,445
Net cash used by Operating Activities	9,810,945	6,667,031
Cash flows from Investing Activities		
Purchase of Property and Equipment	(6,845,126)	(5,656,317)
Proceeds from Sale of Investments	742,802	639,920
Purchase of Investments	(730,676)	(1,835,032)
Net cash used by Investing Activities	(6,833,000)	(6,851,429)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,977,945	(184,398)
Cash and Cash Equivalents - Beginning of Year	2,851,539	3,035,937
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,829,484	\$ 2,851,539
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash investing and financing activities:		
Donated property and land in 2023 and 2022	\$ 898,896	\$ 1,445,947
Debt assumed on property acquisition, net of imputed interest of \$395,144 for 2023 and \$988,291 for 2022	\$ 380,282	\$ 444,756
Leased assets obtained in exchange for lease liabilities	\$ (241,176)	\$ 1,544,351

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Minnesota Assistance Council for Veterans (the Organization) is a Minnesota nonprofit organization formed in December 1990 to provide/coordinate preventive, transitional and supportive services for veterans who are experiencing homelessness or who are in danger of becoming homeless and who are motivated towards positive change. The Organization provides services statewide through its regional offices located in Duluth, the Twin Cities, and Mankato.

In addition to direct housing (Transitional and Permanent Supportive), the Organization assists many veterans with rental/mortgage assistance, employment services and civil legal assistance to prevent homelessness and re-house homeless veterans and their families. The Organization does not duplicate services already provided or available to veterans through Federal, State or County benefits; rather, the Organization frequently acts as a resource or liaison between government agencies and other service providers to ensure direct, comprehensive case management services are provided to the veteran without duplication of effort or resources. The Organization has three main program areas: housing, employment and civil legal services. The Organization provides inclusive support services for each program area.

Financial Statement Presentation

Net assets and support, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See Note 5 for more information on the composition of net assets with donor restrictions and the release of restrictions

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

The Organization maintains cash balances with quality financial institutions. At times, such balances may be in excess of the FDIC insurance limit. At December 31, 2023 and 2022, the Organization's uninsured cash balances were approximately \$5,473,000 and \$2,599,000. Management believes the Organization is not exposed to any significant credit risk on its accounts.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid securities purchased with an original maturity of 90 days or less to be cash equivalents, except for money market funds held in broker accounts which is shown in investments.

Fair Value Measurements

The Organization determines fair value, when necessary, based on the assumptions that market participants would use when pricing the asset or liability. Valuation techniques require using inputs which are categorized using the following hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs that are observable, directly or indirectly, other than the quoted prices included in Level 1; and
- Level 3 - unobservable inputs.

Investments

Investments in marketable securities are reported at fair value. Realized and unrealized gains and losses are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect investment balances and the amounts reported on the statement of financial position.

Accounts Receivable

Accounts receivable are recorded at net realizable value. The Organization provides an allowance for bad debts based on management judgment considering relevant economic conditions and age of past due amounts. Periodic changes to the accounts deemed to be uncollectible are charged to bad debts. The allowance was \$38,976 at December 31, 2023. At December 31, 2022, an allowance was not warranted, as substantially all receivables were from government agencies and management believed they were all collectible.

Property and Equipment

Expenditures for property and equipment over \$5,000 are capitalized at cost. Costs of repairs and minor replacements are charged to expense as incurred. Contributed property and equipment is recorded at fair market value at date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. In the absence of stipulations regarding how long the related asset must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is provided on the estimated useful life of each asset using the straight-line method. Management evaluates these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss was recognized during 2023 or 2022.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-Free and Below-Market-Interest Loans

When the Organization is allowed to pay below-market or no interest on a loan, the difference between the stated interest rate and market interest rate for comparable financing represents a contribution. Such loans are initially recorded at fair value based on the market interest rate. The difference between the principal amount of the loan payable and the fair value of the loan is recorded as a discount and as restricted contribution revenue.

Amortization of the loan discount is recorded using the effective interest method by recognizing interest expense and increasing the loan payable. As interest expense is recognized, net assets with restrictions are reclassified to net assets without restrictions.

Contributions

Contributions received are recorded as contributions with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Unconditional contributions and pledges are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met.

In-kind Services, Facilities and Materials

Donated services are recorded in the statement of activities at estimated market value only if the services create or enhance a nonfinancial asset or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided through donation.

Donated property and materials are valued and recorded at their estimated fair market value, determined by management referencing local market inputs and the type of goods donated, at the date of receipt. Donated houses are valued based on appraised value, or lacking an appraisal, the real estate tax value on the date of donation. Donated office space is valued and recorded at estimated rental value. The Organization utilizes donated property and materials in its programs and operations or according to any donor restrictions.

In 2023, construction materials and services of \$107,641 for rehab of three houses were donated. In 2022, two houses were donated to the Organization with values of \$332,100 and \$296,000, along with construction materials and services of \$94,375 for rehab of two other houses, and a van with a value of \$10,250. The houses and van are used in the Housing program.

Government Grants and Contracts

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are contributions conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Funds received but not yet earned are recorded as refundable advances. Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made.

The Organization's revenue is also derived from non-cost-reimbursable federal and state contracts and grants, which are contributions temporarily restricted for a time period and purpose. Revenue is recognized upon execution of the respective grant agreements and the restrictions are released when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Government grants are from a limited number of federal and state agencies.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Revenues

Revenue from residential leases, including housing assistance payments, is recorded over the term to which it relates. Residential leases are for periods of up to one year. Recoveries from tenants for operating costs are recognized as revenue in the period the costs are incurred. Other rents result from fees charged to tenants, including late fees, forfeited security deposits, laundry facilities, cleaning, and damage charges and are recorded when earned.

Functional Allocation of Expense

The financial statements report certain categories of expenses that are attributable to more than one function. The expenses that are allocated include office and operating expenses, depreciation, personnel, contracted services, facilities, events, marketing and communications, and other expenses which are allocated on the basis of estimates of employee time and effort.

Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

Right of use assets (leased assets) represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Leased assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. Lease expense is recognized for these leases on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet. Common area maintenance costs and other variable lease payments are recognized when invoiced and are not included in the leased assets and liabilities.

The Organization uses the implicit rate when it is readily determinable. When the leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. The Organization believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

The Organization's tax returns are subject to review and examination by federal and state authorities. The tax returns for the years 2020 through 2022 are open to examination by federal and state authorities.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 18, 2024, the date these financial statements were available to be issued, and identified no further significant events or transactions to disclose.

MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Grants Receivable	\$ 2,012,333	\$ 2,504,652
Pledges Receivable	-	225,000
Other Receivables, net	81,371	106,672
Total	<u>\$ 2,093,704</u>	<u>\$ 2,836,324</u>

NOTE 3 INVESTMENTS

Investments at December 31, 2023 are held in a brokerage account and consist of the following funds. The following tables set forth by level within the fair value hierarchy the Organization's investments at fair value as of December 31:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2023				
Money market funds	\$ 32,833	\$ -	\$ -	\$ 32,833
Common stocks and ETFs	1,323,655	-	-	1,323,655
U.S. Treasuries	135,316	-	-	135,316
Bonds	568,229	-	-	568,229
Mutual funds	<u>575,189</u>	<u>-</u>	<u>-</u>	<u>575,189</u>
Investments at fair value				<u>\$ 2,635,222</u>
2022				
Money market funds	\$ 94,744	\$ -	\$ -	\$ 94,744
Common stocks and ETFs	1,052,307	-	-	1,052,307
U.S. Treasuries	103,974	-	-	103,974
Bonds	628,168	-	-	628,168
Mutual funds	<u>515,281</u>	<u>-</u>	<u>-</u>	<u>515,281</u>
Investments at fair value				<u>\$ 2,394,474</u>

Investment income included the following as of December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 98,088	\$ 76,240
Realized loss, net	(23,756)	(88,777)
Unrealized gains, net	201,604	(243,545)
Total investment income	<u>275,936</u>	<u>(256,082)</u>
Less: Investment management and service fees	<u>(23,062)</u>	<u>(21,107)</u>
Total investment income, net	<u>\$ 252,874</u>	<u>(277,189)</u>

Long-term investments – The Organization holds shares in mutual funds selected by employees who are covered by the 457(b) plan (See Note 6).

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 LONG-TERM DEBT

<u>Description</u>	<u>2023</u>	<u>2022</u>
Greater Minnesota Housing Fund (GMHF), 0% annual interest with lump-sum payment due on December 8, 2035. The loan is discounted at 7.25% and is secured by the related building project.	\$ 100,000	\$ 100,000
Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on December 8, 2035. The loan is discounted at 7.25% and is secured by the related building project.	464,588	464,588
St. Louis County HRA, 0% annual interest with lump-sum payment due on February 23, 2030. The loan is discounted at 4.875% and is secured by the related building project.	150,000	150,000
City of Minneapolis Department of Community Planning and Economic Development (CPED), 'simple' interest of 1% per annum on the outstanding balance, deferred. The loan is discounted at 5.26% and matures on January 18, 2037, at which time a lump-sum payment is due. The loan is secured by the related building projects. The outstanding balance and accrued interest will be immediately due and payable upon the occurrence of any one of the following: 1) the sale, assignment, conveyance, transfer, lease, lien, encumbrance, or refinancing of the project by the borrower without the Lender's prior written consent; 2) any use of the project or a portion that violates any federal, state or local law, statute or ordinance, which includes discrimination, pornography, gambling, or drug related activities; provided however that the Borrower shall not be in default as a result of illegal activities at the Project by tenants of the Project if Borrower is pursuing all reasonable actions to prohibit such illegal activities; or 3) default by the borrower in the performance of any other covenant, term or condition of this Note, the Loan Agreement or any other agreement or mortgage relating to encumbering the Project.	223,074	223,074
The Organization purchased a property for \$1 from the House of Phoenix, LLC. All mortgages and restrictions were assumed by the Organization as part of the transaction. Several funding sources have continuing compliance requirements. Below are the various funding sources:		
Greater Minnesota Housing Fund (GMHF), 0% annual interest with lump-sum payment due on June 26, 2037. The loan is discounted at 3.25%.	165,000	165,000
Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on June 26, 2037. The loan is discounted at 3.25%.	90,289	90,289
City of Duluth, 0% annual interest with lump-sum payment due on April 1, 2023. The loan is discounted at 3.25%. The loan was forgiven in 2024.	10,000	10,000
City of Duluth, 0% annual interest with lump-sum payment due on July 24, 2036. The loan is discounted at 3.25%.	15,000	15,000

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2023</u>	<u>2022</u>
The Organization purchased Duluth Veterans Housing. Loans and grants included in this agreement were transferred to the Organization and included resources from Greater Minnesota Housing Fund, Duluth Economic Development Authority, and Minnesota Housing Finance Agency. Several funding sources have continuing compliance requirements. Below are the various funding sources:		
City of Duluth, 0% annual interest with lump-sum payment due on March 14, 2023. The loan is discounted at 3.25%. This loan was forgiven in 2023.	-	391,600
Duluth Economic Development Authority, 0% annual interest with lump-sum payment due on March 8, 2031. The loan is discounted at 3.25%.	300,000	300,000
Greater Minnesota Housing Fund (GMHF), 0% annual interest with lump-sum payment due on January 29, 2040. The loan is discounted at 3.25%.	255,000	255,000
Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on March 8, 2041. The loan is discounted at 3.25%.	373,019	373,019
Minnesota Housing Finance Agency (MHFA), 0% annual interest with lump-sum payment due on March 3, 2026. The loan is discounted at 3.25%.	475,000	475,000
Ten BATC Foundation, 0% annual interest with lump-sum payments due on various dates from October 6, 2029 and March 2, 2038. These loans are discounted at 5.00% and are secured by the related building projects.	2,151,340	1,207,000
County of Hennepin, Minnesota, 0% annual interest with lump-sum payment due on November 3, 2037. The loan is discounted at 5.00% and is secured by the related building project.	1,054,707	1,054,707
	5,827,017	5,274,277
Imputed Interest	(2,577,838)	(2,183,269)
Less Current Maturities	(10,000)	(400,871)
Long-Term Debt	<u>\$ 3,239,179</u>	<u>\$ 2,690,137</u>

Principal payments required on all long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 10,000
2025	-
2026	475,000
2027	-
2028	-
Thereafter	5,342,017
Total	<u>\$ 5,827,017</u>

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

Subject to expenditure for specified purpose:	2023	2022
Outreach	\$ 149,383	\$ 141,956
Women's Program	-	20,240
Other Housing Costs	1,576,753	1,055,696
Other Program Restrictions	22,264	129,886
	1,748,400	1,347,778
 Subject to the passage of time:		
Loan Discounts	2,606,148	2,315,251
Veteran Housing	295,826	308,026
Multi-Year Pledge Time Restrictions	-	150,000
	2,901,974	2,773,277
 Not subject to appropriation or expenditure:		
Land	158,973	158,973
 Total	 \$ 4,809,347	 \$ 4,280,028

Not subject to appropriation or expenditure

Net assets with donor restrictions not subject to expenditure consist of donated land valued at \$165,825 which is to be used for housing of military veterans, reduced by \$6,852 for real estate taxes assumed in the transaction.

Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes for years ended December 31 are as follows:

	2023	2022
Loan Discount Amortization	\$ 129,449	\$ 102,719
Veteran Housing	12,200	28,931
Outreach Program	141,305	376,265
Women's Program	87,071	78,002
Other Housing Costs	2,055,113	1,759,102
Other Program Restrictions	117,922	150,128
Time Restrictions	289,750	150,000
Total	\$ 2,832,810	\$ 2,645,147

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 PENSION PLANS

The Organization maintains a 403(b) plan covering all eligible employees. The Organization makes contributions to the plan equal to 4.1% of an individual's compensation. Pension expense was \$277,316 and \$184,742 for the years ended December 31, 2023 and 2022, respectively.

The Organization has a 457(b) plan, which is a voluntary retirement plan that is offered to certain highly compensated employees. The plan is an employee funded tax deferred annuity plan. Employees are fully vested in their contributions.

NOTE 7 LEASE COMMITMENTS

The Organization occupies office space for its operations in six locations under noncancelable operating leases which expire at various times through 2031. In addition to base rent, the Organization pays utilities, repairs, and insurance on the leased properties (CAM).

The Organization also leases copiers under noncancelable operating leases which expire at various times through 2026.

The following tables provide quantitative information concerning the Organization's leases for the year ended December 31:

<u>Lease Cost</u>	<u>Classification</u>	<u>2023</u>	<u>2022</u>
Operating			
Operating - building	Facilities	\$ 252,019	\$ 210,455
Short-term leases - building	Facilities	9,439	24,148
Variable lease payments	Facilities	2,101	2,099
Operating - copiers	Office and Operating Expenses	10,238	8,460
		<u>\$ 273,797</u>	<u>\$ 245,162</u>

Lease Term and Discount Rate for Operating leases:

<u>Lease Term and Discount Rate for Operating leases:</u>	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term (years)	6.68	7.9
Weighted Average Discount Rate	5.00%	5.00%

Minimum future rental payments required under the above-mentioned leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 286,124
2025	289,924
2026	281,238
2027	246,118
2028	233,396
Thereafter	513,946
Total lease payments	1,850,746
Less: imputed interest	(277,760)
Present value of lease liabilities	<u>\$ 1,572,986</u>

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 COMMITMENTS AND CONTINGENCIES

Government Grants – The Organization has conditional promises to give totaling \$2,636,091 and \$4,996,644 at December 31, 2023 and 2022, respectively, which consists of government grants with remaining commitments that are conditional upon incurring eligible expenditures or performing certain services. Conditional promises to give are recognized in the financial statements when conditions have been met. The remaining contributions are expected to be recognized in 2024 and 2025.

Property Liens – The Organization uses grants to acquire and renovate properties. As part of these grants the Organization files a voluntary lien on the property in favor of the Minnesota Department of Veterans Affairs. The liens are for 20 years after completion and require the Organization to maintain the properties in sufficient form to be used for the intended purpose of permanent housing for eligible veterans. Failure to comply with grant requirements could result in mandatory repayment of grant funds.

Litigation – The Organization is subject to litigation in the normal course of its business. Management believes the outcome of such litigation will not have a material adverse effect on the operations or financial position of the Organization.

Purchase Agreements – As of December 31, 2023, the Organization had two purchase agreements totaling approximately \$2 million, which were executed in early 2024.

NOTE 9 INSURANCE CLAIMS

During 2023, four housing properties the Organization owns suffered storm and water damage. Insurance proceeds totaled \$139,512 which is recorded in other income. Estimated repairs costs in 2023 were \$144,456 which is recorded in operating expenses. Additional costs and proceeds are expected in 2024 upon final claim settlements.

NOTE 10 AVAILABILITY AND LIQUIDITY

The following represents Minnesota Assistance Council for Veteran’s financial assets at December 31, 2023 and 2022:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,829,484	\$ 2,851,539
Investments	2,635,222	2,394,474
Accounts receivable	2,093,704	2,836,324
Total financial assets	10,558,410	8,082,337
Less amounts not available to be used within a year:		
Net assets with donor restrictions	(1,748,399)	(1,348,246)
Financial assets available to meet general expenditures over the next twelve months	\$ 8,810,011	\$ 6,734,091

Minnesota Assistance Council for Veterans’ goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

Minnesota Assistance Council for Veterans is supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, Minnesota Assistance Council for Veterans must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Minnesota Assistance Council for Veterans’ liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SINGLE AUDIT REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Minnesota Assistance Council for Veterans
Saint Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Minnesota Assistance Council for Veterans (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activity and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 18, 2024.

Report on Internal Control over Financial

In planning and performing our audit of the financial statements, we considered Minnesota Assistance Council for Veterans' system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Minnesota Assistance Council for Veterans' internal control. Accordingly, we do not express an opinion on the effectiveness of Minnesota Assistance Council for Veterans' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Minnesota Assistance Council for Veterans' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

(Continued)
(19)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Minnesota Assistance Council for Veterans' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Minnesota Assistance Council for Veterans' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 18, 2024

Mahoney Ulbrich
Christiansen & Russ, PA



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Minnesota Assistance Council for Veterans
Saint Paul, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Minnesota Assistance Council for Veterans' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Minnesota Assistance Council for Veterans' major federal program for the year ended December 31, 2023. Minnesota Assistance Council for Veterans' major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Minnesota Assistance Council for Veterans complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Minnesota Assistance Council for Veterans and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Minnesota Assistance Council for Veterans' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective system of internal control over compliance with the laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Minnesota Assistance Council for Veterans' federal program.

(Continued)
(21)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Minnesota Assistance Council for Veterans' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Minnesota Assistance Council for Veterans' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Minnesota Assistance Council for Veterans' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Minnesota Assistance Council for Veterans' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Minnesota Assistance Council for Veterans' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

June 18, 2024

*Mahoney Ulbrich
Christiansen & Russ, PA*

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Continuum of Care	14.267	\$ 428,876
Passed Through City of Duluth* Emergency Solutions Grant Program	14.231	6,047
HOME Investment Partnerships	14.239	<u>391,600</u>
Subtotal Housing and Urban Development		826,523
U.S. DEPARTMENT OF LABOR		
Homeless Veterans' Reintegration Program	17.805	558,940
DEPARTMENT OF VETERANS AFFAIRS		
VA Homeless Providers Grant and Per Diem Program	64.024	192,082
VA Homeless Providers Grant and Per Diem Program - Case Management	64.024	21,007
VA Supportive Services for Veteran Families Program - Shallow Subsidies	64.033	932,513
VA Supportive Services for Veteran Families Program - MMI	64.033	200,452
VA Supportive Services for Veteran Families Program - SNOFA	64.033	191,067
VA Supportive Services for Veteran Families Program	64.033	5,775,472
Legal Services for Veterans Grants	64.056	<u>54,854</u>
Subtotal Department of Veteran Affairs		<u>7,367,447</u>
Total		<u><u>\$ 8,752,910</u></u>

*Pass-through identification numbers not available.

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Minnesota Assistance Council for Veterans under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Minnesota Assistance Council for Veterans, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Minnesota Assistance Council for Veterans.

Note 2. Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting except for the loan balances as discussed in Note 3. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Minnesota Assistance Council for Veterans has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Loans

The accompanying schedule of expenditures of federal awards includes loans with continuing compliance requirements in the amount of \$391,600 in program 14.239.

There was no outstanding balance remaining at December 31, 2023.

**MINNESOTA ASSISTANCE COUNCIL FOR VETERANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified		
"Going concern" emphasis-of-matter paragraph included in the auditor's report?	_____ yes	_____ <u>X</u> no	
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
• Significant deficiency(s) identified?	_____ yes	_____ <u>X</u> none reported	
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no	

FEDERAL AWARDS

Internal control over major program:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
• Significant deficiency(s) identified?	_____ yes	_____ <u>X</u> none reported	
Type of auditor's report issued on compliance for major program	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____ yes	_____ <u>X</u> no	
Identification of major program:	Assistance Listing Number 64.033 – VA Supportive Services for Veteran Families Program		
Dollar threshold used to distinguish between type A and type B programs	\$ <u>750,000</u>		
Auditee qualified as low-risk auditee?	_____ <u>X</u> yes	_____ no	

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT: No matters were reported.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT:
No matters were reported.

SECTION IV – PRIOR AUDIT FINDINGS AND QUESTIONED COSTS: No matters were reported.